



CBIZ COMPENSATION CONSULTING  
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# DeKalb County School District Compensation and Benefits Study Results

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## EXECUTIVE SUMMARY

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CBIZ Compensation Consulting (“CBIZ”) was engaged by DeKalb County School District (“The District” or “DeKalb”) to conduct a comprehensive compensation study for its employees, including a review of current compensation practices, and an update of the compensation plan.

To assist the District in implementing a compensation system that considers both market and internal factors, CBIZ matched the District’s positions to positions in the market, developed a new salary structure, and calculated the cost of implementing the recommendations. In addition to evaluating base salaries, CBIZ assessed total cash compensation and competitive benefit levels.

The remainder of this report will explain the methodology and expand on this summary to clearly document the comprehensive approach taken to analyze the District’s current compensation practices and develop its new compensation plan.





## OBJECTIVE AND SCOPE OF THE STUDY

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The objective of the compensation study is to provide the District with a plan that:

- Enhances the ability to attract, retain, and motivate qualified individuals;
- Establishes structures that are flexible to meet changing needs; and
- Is well-aligned with broader goals and strategies.

The scope of the study included:

- A competitive market analysis of base salary, total cash compensation, and benefits;
- Development of a salary structure;
- Reconciliation of actual compensation with market-competitive compensation;
- Calculation of plan implementation costs;
- Analysis of market-competitive benefits levels;
- Total compensation analysis; and
- Overall recommendations.

# METHODOLOGY

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## Definitions

**Base Salary:** the annual fixed rate that an individual is paid for performing a job.

**Employee Benefits:** non-cash compensation provided to an employee. Some benefits are measured as a fixed cost per employee (e.g., medical, dental and vision insurance), while others are more accurately quantified as a variable cost tied to compensation (e.g., retirement and PTO).

**Total Compensation:** the sum of total cash compensation and employee benefits.

### **Data Points:**

- 25th percentile: the value in an array that falls at the first quarter of the sampled data (75% of the values in the sample are greater than the 25th percentile value).
- 50th percentile: the value in an array that falls in the middle or median of the sampled data (half of the values in the sample fall above this value and half fall below it). This is the data point of reference for the proposed pay grade assignments.
- 75th percentile: the value in an array that falls at the third quarter of the sampled data (25% of the values in the sample are greater than the 75th percentile value).

**Compa-ratio:** the employee's current salary divided by a market comparison point, which is usually the market 50th percentile. An employee whose salary equals the 50th percentile of the market has a compa-ratio of 100%. A compa-ratio of less than 100% indicates that the employee's salary is less than the 50th percentile of the market, and a compa-ratio greater than 100% indicates that the employee's salary is greater than the 50th percentile of the market.

**Range Penetration:** the employee's current salary minus the salary grade minimum salary divided by the difference of the salary grade maximum and minimum. An employee whose range penetration equals 50% is paid at the midpoint of the salary grade range, 0% is equal to the salary grade minimum and 100% is equal to the salary grade maximum.



## Market Pricing

### Compensation Philosophy

According to a recent WorldatWork survey of market pricing practices, most organizations (approximately 85%) utilize a compensation philosophy that strives to compensate employees at the median of the competitive labor market. Median pay is the point at which half of the employers pay more and half pay less.

Based on CBIZ's discussions with the District, it intends to be competitive with its level of pay, which generally corresponds to setting the pay structure at the market median.

The labor market influences described below were considered for the jobs included in the scope of the study.

### Labor Market Influences

The three most important labor market characteristics are the size of an organization, geographic scope, and industries from which the District recruits talent. Because surveys focus on different market characteristics (e.g., some focus on size, others focus on geography or industry), CBIZ determined each characteristic as it relates to each position before conducting the market analysis, as follows:

#### Size of Organization


A key factor to be considered in determining the market-competitive compensation, particularly for senior management positions, is the size of an organization. While compensation for many positions is based primarily upon location, industry, job tasks, and responsibilities, compensation for upper-level positions is also significantly affected by the size of the organization. CBIZ considered size factors such as an operating budget of \$2.62 billion and 11,860 employees.

#### Geographic Influence

Many jobs in an organization are recruited locally. Professional jobs may be recruited statewide or regionally. Because individuals who work in senior management positions often relocate solely to accept a new job, national searches are commonly conducted for these positions. In contrast, lower-paid salaried employees seldom relocate primarily based on a job. To accurately reflect this marketplace characteristic, the survey data must be comprised of participants who reflect the geographic scope of the position in question. Too narrow or broad a market area scope either does not consider all necessary factors or introduces irrelevant factors.

However, when considering senior management positions, it is most reasonable to geographically adjust the data to the higher of the local or national market. This is because organizations in locations that have greater comparative salaries will provide higher salaries to employees. In addition, the higher (local) rates would be required to compensate an employee moving from an area with a lower cost of living. Conversely, although executives are often recruited on a national basis, in practical application executives rarely are open to reductions in pay, even if they are moving to a lower-cost area.





CBIZ primarily utilized data specific to Atlanta, Georgia, which is expected to be the primary market for recruiting employees under the scope of the analysis.

### Industry Influence

Industry is the final key consideration for matching jobs to the market. Some jobs only exist within a certain industry and are most accurately priced to that industry exclusively. Conversely, some jobs are found in all industries, and the true market for these jobs usually considers this broader market. For example, most clerical and trade jobs can be found in any organization. For this reason, CBIZ focused on primary and secondary education.

### Salary Surveys

The first step in ascertaining the competitiveness of compensation was to determine what competitors pay for jobs comparable to those at the District. CBIZ used its proprietary survey database that aggregates data from hundreds of valid and reliable published salary surveys and includes specific data based on geographic area, size of organization, years of experience, and industry. CBIZ used a database that compiles multiple salary sources because:

- They provide a richer and more complete view of the market.
- Survey sources may focus on different market characteristics to define market peers.
- They allow the District to define peers and peer relationships more closely than is possible using any single survey source.
- Multiple sources allow for statistical validation of the collected data.

In addition to the CBIZ proprietary survey database, data was gathered for the following peers that were identified by DeKalb during the planning phase of the project.

#### Peer List:

- Atlanta Public Schools
- Clayton County School District
- Cobb County School District
- Fulton County School District
- Gwinnett School District
- Henry County Public Schools
- Rockdale County Public Schools





## Aging Data

Survey data must be adjusted to account for market pay movement between the time of publication and when the data are to be used. For example, a survey may have been conducted to report salaries effective as of September 1, 2023. To market-price the jobs at the District as of July 1, 2024, CBIZ had to age the survey data ten months. In addition, different surveys have different publication dates, and they must be aged to a common point in time. Put simply, aging the data provides up-to-date salary data and allows for an "apples to apples" comparison of survey data.

All salary data were aged to reflect estimated market pay as of January 1, 2024. Data were aged using a factor of 3.6%, which reflects the 12-month increase in compensation as reported by the Bureau of Labor Statistic's *Employment Cost Index*.

## Job Matching

CBIZ reviewed the content of job analysis questionnaires and each job description provided and searched the salary survey job descriptions to find the best possible match. When a valid match was found, the corresponding salary survey market data were recorded. CBIZ recorded the 25<sup>th</sup>, 50<sup>th</sup>, and 75<sup>th</sup> percentiles for both base salary and total cash compensation.





# COMPENSATION STUDY RESULTS

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## Market Analysis

Exhibit 1A displays the composite market data for positions in the proposed Unified structure. Exhibit 1B displays the composite market data for positions in all of the other proposed non-unified structures. Both sets of analyses are a comprehensive review of the included positions compared to the market base salary. The 25<sup>th</sup>, 50<sup>th</sup>, and 75<sup>th</sup> percentiles are reported. These exhibits provides a summary look at how the District's positions compare to the labor market. A detailed employee analysis with associated implementation costs is provided later in this report.

Market data were also compared graphically to the District's current average compensation by position. Exhibit 2A reveals the trendline of actual base salaries compared to market 50th percentile base salary for staff in the proposed Unified structure. Exhibit 2B provides the trendline of actual average benefits compared to market average benefits for the employees in the proposed Unified structure. Exhibit 2C provides the trendline of actual total compensation compared to market 50th percentile total compensation for those in the proposed Unified structure.

## Salary Structure Development

A critical element of the compensation plan is the salary structure. The salary structure is a compensation framework comprised of multiple grades, each of which has an associated salary range. The salary structure groups jobs with similar market values and/or internal equity into the same grade. The salary structure ensures that each employee receives a salary that is reasonable given their assigned grade and corresponding salary range.

CBIZ assessed and updated seven unique salary structures for the District. In Exhibit 3A, the proposed hourly rate step schedules for each of the structures except for the Teacher and Other Certified have been provided. In Exhibit 3B, the proposed hourly rate step schedules for the Teacher and Other Certified structures have been provided. Exhibits 4A and 4B provide a list of positions sorted by grade for the Unified structure positions and positions in all of the other structures, respectively. Exhibit 4C is a comparison of the District's current Unified salary ranges to the proposed salary ranges.

In the proposed Unified salary structure, the salary grade midpoint is designed to approximate the market median for each job. CBIZ slotted each position into a grade in the structure based on the grade midpoint that most closely corresponds to the market 50<sup>th</sup> percentile identified in Exhibit 1. CBIZ also provided a recommended grade for the non-benchmark positions based upon internal peer comparisons. The final grade classification can consider other factors based on the culture of the District. As such, the CBIZ solicits and encourages internal equity feedback.

SAMPLE			
Job Title:	Job XYZ		
Market Median:	\$35,455		
Salary Grade	Minimum	Midpoint	Maximum
1	\$24,778	\$30,972	\$37,166
2	\$27,398	\$35,618	\$43,837
3	\$31,508	\$40,960	\$50,413





## Salary Analysis

Exhibits 5A and 5B provides a graphical depiction of employee range penetration at the 50<sup>th</sup> percentile for the Unified structure and all other structures, respectively.

Exhibits 6A documents the cost of implementing the compensation plan for the proposed Unified structure and results are presented by grade. Exhibit 6B contains the cost of implementing the updates proposed in all other structures and results are sorted by grade. Exhibit 6C contains proposed Unified structure results totaled by department. Exhibit 6D shows the results for all other structures sorted and totaled department.

## Benefits Analysis

Exhibit 7 outlines the results of the benefits analysis assessing the market-competitive benefit levels. CBIZ determined the market competitive benefits value based on a combination of fixed dollar values and percentages of base salary.

For some benefits, namely medical and medically related benefits, it is most accurate to utilize a fixed cost per employee as the cost incurred by the organization typically does not depend on the position held by the employee. For example, healthcare benefits provided to an executive and a secretary would be expected to cost the employer the same amount. Other benefits, including paid time off and retirement and savings, are most accurately represented as a percent of the incumbent's base salary.

## Total Compensation Analysis

Exhibit 8 combines the proposed Unified structure results of the base salary and benefits analyses to compare employee total compensation to market total compensation.

## SUMMARY OF FINDINGS

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- The District's average base salary compa-ratio for the Unified structure positions is 97.1% at the 50<sup>th</sup> percentile. This indicates that on average base pay is approximately 2.9% below the proposed midpoint which approximates published survey data market median. The District's average base salary compa-ratio for all other structures is 96.4%. This indicates that on average base pay is approximately 3.6% below the published survey data market median, which is approximated by the salary range midpoints.
- As presented in Exhibit 6A, the initial cost to implement the new Unified structure would be approximately \$204,311. This is the cost to bring all employees to the minimum of their respective proposed ranges, which represents 0.12% of Unified structure payroll.
  - In the analysis, 203 employees are above the maximum of the ranges by a total of \$503,156.
  - Among the 4,012 employees included in the scope of the analysis, there are 181 below their respective salary grade minimums.
  - Step increases represent \$4,122,477, 2.36% of Unified structure payroll. This will bring 2,389 employees of the 4,012 employees in the proposed Unified structure up to the amount assigned to their current step.
- As presented in Exhibit 6B, the initial cost to implement all of the other structures would be approximately \$1,351,954. This is the cost to bring all employees to the minimum of their respective proposed ranges, which represents 0.24% of all the other structures' payroll.
  - In the analysis, 22 employees are above the maximum of the ranges by a total of \$4,087.
  - Among the 7,848 employees included in the scope of the analysis, there are 1,043 below their respective salary grade minimums.
  - Step increases represent \$27,889,868, 4.94% of all of the other structures' payroll. This will bring 6,898 employees of the 7,848 employees up to the amount assigned to their current step.
- On average, the District's benefits compa-ratio (actual benefits divided by market competitive levels) is 145.7%. The District's medical and medically related benefits are \$19,404 per employee compared to \$13,318 in the market. Paid time off benefits and retirement and savings benefits are approximately 49.3% of base salary at the District's compared to 29.5% in the market.
- The District's average overall total compensation compa-ratio for the proposed Unified structure (actual total compensation divided by market competitive levels) is 104.8%.

## RECOMMENDATIONS

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- Discontinue the practice of discounting experience outside of the District when entering into the District or when entering a new job. See recommended policies and procedures for the proposed employee placement approach.
- Increase the compensation of all employees to the minimum of their respective proposed salary ranges. The range minimum represents the level at which entry-level pay can be considered market competitive.
- Temporarily freeze pay for employees above the maximum of their respective proposed grade. The pay freeze should remain in place until the point at which the range maximum surpasses actual pay.
- Consider adopting the step pay adjustments. This will help to ensure that employee compensation is commensurate with experience and performance.
- Implementation of the compensation plan should occur uniformly across all positions. While different implementation scenarios may recognize budget constraints, partial or sporadic implementation can result in pay equity issues.
- Annually update structures and evaluate annual employee pay increases based on market pay trends. In order to reduce the administrative burden associated with both, CBIZ will provide annual recommendations for structure updates and salary increase budgets for five years after the study.
- Conduct a comprehensive market review every three to five years to ensure that the ranges remain market competitive.